

Message Text

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11

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

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OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 8884

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMCONSUL MELBOURNE

USMISSION OECD PARIS

AMCONSUL SYDNEY

AMEMBASSY WELLINGTON

AMCONSUL BRISBANE

AMCONSUL PERTH

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E.O. 11652: N/A

TAGS: EGEN, EFIN, EINV, OECD, AS

SUBJECT: OECD INVESTMENT PACKAGE: INFORMING U.S. BUSINESS
COMMUNITY IN AUSTRALIA

REF: (A) STATE 143088, (B) CANBERRA 5712 (NOTAL), (C) CANBERRA
5758 (NOTAL)

1. AMBASSADOR HARGROVE BRIEFED SENIOR OFFICERS OF MAJOR U.S.
MULTINATIONALS IN AUSTRALIA AT SEPTEMBER 7 MEETING IN
MELBOURNE ARRANGED BY AMCHAM AT EMBASSY REQUEST. MEETING
ATTENDED BY TOP MANAGERS OF 26 MAJOR AMERICAN FIRMS. INVITATION
LIST OF 52 CONSISTED OF REGULAR MEMBERSHIP OF EMBASSY-AMCHAM
LIAISON GROUP PLUS LARGE NUMBER OF ADDITIONAL INVITEES FOR THIS
PARTICULAR TOPIC.

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WM AMBASSADOR BRIEFED GROUP FULLY ON BACKGROUND OF GUIDELINES PROJECT IN OECD AND OTHER BODIES, EVOLUTION OF U.S. POSITION, AND CONTENT AND SIGNIFICANCE OF OECD PACKAGE. PARTICIPANTS WHO HAD HAD ONLY LIMITED PREVIOUS KNOWLEDGE OF PROJECT OBVIOUSLY WELCOMED BRIEFING. DURING GENERAL DISCUSSION WHICH FOLLOWED AMBASSADOR'S OPENING STATEMENT, THEY TOOK FAVORABLE VIEW OF PACKAGE. MOST IMPORTANT CONCERN, PARALLELING EXPERIENCE IN MEETINGS PREVIOUSLY REPORTED FROM EUROPEAN POSTS WAS OVER IMPLICATIONS OF INFORMATION DISCLOSURE GUIDELINES, WITH HOPE EXPRESSED THAT EXISTENCE OF CODE WOULD NOT INSPIRE EXCESSIVE OFFICIAL DEMANDS BY NATIONAL GOVERNMENTS. ONE PARTICIPANT ALSO EXPRESSED LOW-KEY CONCERN THAT GUIDELINES ON INDUSTRIAL RELATIONS NOT PROVIDE BASIS FOR PRESSURE TOWARD COMPULSORY UNIONIZATION.

3. FOLLOWING COMPLETION OECD PACKAGE BRIEFING, BALANCE OF MEETING AND LUNCHEON DEVOTED TO INDUSTRY BY INDUSTRY ROUNDUP ON AUSTRALIAN ECONOMIC OUTLOOK. PREVAILING TONE OF STATEMENTS ON OUTLOOK WAS SOMBER FOR BALANCE OF 1976 AND 1977. MANUFACTURING REPRESENTATIVES DEEPLY CONCERNED OVER DETERIORATION OF AUSTRALIAN COMPETITIVE POSITION, HIGH LABOR COSTS AND LOW PRODUCTIVITY ESPECIALLY ATTRIBUTABLE TO LABOR DISRUPTIONS. WITH EXCEPTION OF OPTIMISTIC OUTLOOK FOR RESUMED PETROLEUM EXPLORATION UNDER TAX CONCESSIONS IN RECENTLY ANNOUNCED GOA BUDGET, PROSPECT FOR MINERALS INVESTMENT MODEST. HIGH COST OF NEW INFRASTRUCTURE GENERALLY CONSIDERED TO MAKE WHOLLY NEW PROJECTS UNECONOMIC IN FORESEEABLE FUTURE AND COLLECTIVE JUDGEMENT THAT EXPANSION DURING COMING YEAR OR TWO LIKELY TO BE CONFINED TO MAJOR EXTENSIONS OF ESTABLISHED MINES.

4. THE CONSENSUS IN THIS MEETING WAS THE MOST PESSIMISTIC YET ENCOUNTERED DURING THE THREE YEARS DURING WHICH THE EMBASSY HAS BEEN PARTICIPATING IN THESE PERIODIC OUTLOOK SESSIONS WITH SENIOR U.S. BUSINESS REPRESENTATIVES. WHILE THERE HAVE BEEN NUMEROUS SHORT-TERM PESSIMISTS IN PAST SESSIONS, THIS MEETING PRODUCED FOR THE FIRST TIME THIS WIDESPREAD EXPRESSION OF CONCERN OVER THE LONG-TERM OUTLOOK. THIS NEW TONE DOES NOT APPEAR TO RESULT FROM ANY NEW DEVELOPMENT IN THE AUSTRALIAN ECONOMIC SITUATION, BUT RATHER TO REFLECT THE CUMULATIVE EFFECT OF PROLONGED HIGH INFLATION, LABOR UNREST AND LOW LIMITED OFFICIAL USE

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DEMAND, RECENTLY INTENSIFIED BY THE AUSTERITY OF THE 1977 BUDGET WHICH WILL FURTHER REDUCE DEMAND FROM THE PUBLIC SECTOR. HARGROVE

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